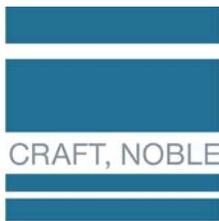


WOODFORD COUNTY LIBRARY DISTRICT
FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2017



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Woodford County Library District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Woodford County Library District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Woodford County Library District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, the schedule of pension contributions, and the schedule of changes in benefits and assumptions on pages 3 through 6, and pages 25 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2018 on our consideration of the Woodford County Library District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woodford County Library District's internal control over financial reporting and compliance.

Craft, Noble & Company, PLLC

Craft, Noble & Company, PLLC
Richmond, Kentucky
January 8, 2018

The Woodford County Library District's management offers readers of the financial statements this narrative overview and analysis of the financial activities of the library for the fiscal year ended June 30, 2017. Please read this MD&A in conjunction with the Library's Financial Statements, which follow.

Financial Highlights

- I. The Library spent approximately 11.66% of its tax revenues on Library Materials.*
- II. The Library's income from property tax decreased 1.29% from the previous fiscal year.*
- III. The Library continues to spend on improved equipment, facilities, and services. The Library also successfully retired the long-term debt associated with two building projects.*

Overview of the Financial Statements

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the Library. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

Over the past years, the primary focus of local government financial statements has been summarized fund-type information on a current financial resource basis. This approach has been modified and now the Library's financial statements present two kinds of statements, each with a different snapshot of the Library's finances. The new focus is both the Library as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the Library's overall financial status. The fund financial statements focus on the current operational activity of the Library, reporting the Library's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the Library's accountability.

Government-Wide Statements

The government-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the Library's finances is "Is the Library as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Library's activities in a way that will help answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position of the Library and the changes in them. One can think of the Library's net position – the difference between assets and liabilities – as a way to measure the Library's financial position. Over time, increases or decreases in the Library's net position are one indicator of whether the Library is doing better or worse financially. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth and new or changed government legislation.

In the Statement of Net Position and the Statement of Activities, we look at the Library's overall activity.

Governmental activities – most of the Library's basic services are reported here including property taxes, grants and other income finance most of these activities.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the Library's funds. The fund financial statements provide more information about the Library's funds and current year detail operations and not the Library as a whole.

The Library's fund statement encompasses the activity of the general fund. The general fund is the primary and only operating fund of the Library. It accounts for financial resources used for general types of operations. This statement offers a short-term view of the current year.

Financial Analysis of the Library as a Whole

Below is an analysis of the comparative statement of net position for the years ending June 30, 2017 and 2016:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Variance</u>
Capital assets, net of depreciation	\$ 5,801,721	\$ 5,917,911	\$ (116,190)
Other assets	1,263,375	1,363,348	(99,973)
Deferred outflows	243,562	201,556	42,006
Long-term liabilities	1,049,769	1,090,711	(40,942)
Current liabilities	33,310	87,539	(54,229)
Deferred inflows	-	57,600	(57,600)
Invested in fixed assets	5,801,721	5,642,752	158,969
Unrestricted net position	423,858	604,213	(180,355)

The Library's main source of revenue is property tax, which is approximately 96.65% of the Library's total revenue. Other income sources included grants, donations, state aid, and fines and fees. The personnel expense represents 61.87% of total operating expenditures -- on par with the state average of 63%. Personnel expenditures increased about 2.33% from the previous year. This is due to increases in health insurance rates and employer contribution rates to the Kentucky Retirement System (County Employees Retirement System, or CERS), both of which are benefits provided to full-time employees.

Financial Analysis of the Library as a Whole (Continued)

Revenue and Expense Comparison for the years ended:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Variance</u>
Taxing district revenues	\$ 1,535,063	\$ 1,555,161	\$ (20,098)
Grant revenues	16,561	18,199	(1,638)
Investment income	4,833	7,428	(2,595)
Public support	4,621	17,193	(12,572)
Other revenues	27,113	46,618	(19,505)
Total revenues	<u>1,588,191</u>	<u>1,644,599</u>	<u>(56,408)</u>
Personnel expenses	995,911	973,272	22,639
Library materials	178,995	154,183	24,812
General maintenance	36,423	44,085	(7,662)
Telecommunication	12,902	9,526	3,376
Postage	6,821	5,161	1,660
Utilities	49,816	51,144	(1,328)
Building repair and maintenance	31,734	44,591	(12,857)
Other operating expenses	3,871	1,710	2,161
Bookmobile operations	4,271	3,483	788
Computer expenses	62,847	65,318	(2,471)
Insurance	15,063	16,004	(941)
Continuing education	1,711	3,534	(1,823)
Public relations, dues	34,008	33,859	149
Professional services	20,744	18,332	2,412
Programming	18,008	21,122	(3,114)
Interest	3,932	9,632	(5,700)
Collection adjustment	(57,126)	(64,194)	7,068
Depreciation	189,646	204,683	(15,037)
Total expenditures	<u>1,609,577</u>	<u>1,595,445</u>	<u>14,132</u>
Change in net position	<u>\$ (21,386)</u>	<u>\$ 49,154</u>	<u>\$ (70,540)</u>

Capital Asset Activity

Capital asset activity included the purchase of new laptops and servers.

Debt Administration

The Library maintains a strict budget for the purpose of being able to meet their KACO Leasing Trust payments. These numbers are figured into the budget yearly. The Library was able to retire the long term debt in FY 2016-17.

Budget Highlights

The Library adopts an annual budget at the May Board meeting after it has been presented in April for discussion. The budget is done through a cooperative team of Board members and staff members plus the Bookkeeper. Several meetings are held prior to the April Board meeting, and goals for the next year are established by the staff and possible expenditures related to those goals are identified. The Operating Budget includes proposed expenses and the means of financing them. The Library's operating budget is amended during the year if unusual events occur. A current Fiscal Year budget comparison for the current month and year to date is presented to management and the Board of Trustees as interim financial statements; however, they are not reported on, nor shown, on the financial statements section of this report. A procurement code, based on the KY Model Procurement Code has been established by the Board to give direction to larger spending amounts.

Budget Highlights (Continued)

The Library has operated on a zero-balance budget so that at the end of the fiscal year each budget category reverts back to the new balance for the new year. Each year the library staff has worked diligently to keep the overall budget in line with the projected budget. Some categories may be over but in general the overall amounts are taken to the Board of Trustees for approval before the purchase is made. Please note that this budget comparison is prior to any audit adjustments and reclassification of library charges out of correlating expense accounts (i.e. copying fees are shown net in copy expenses for budget purposes). A summarized comparison of budget highlights is listed below:

	Budget Comparison for 2017 – 2016		
	<u>Budgeted</u>	<u>Actual Amount</u>	<u>Difference</u>
Net revenues	\$ 1,586,500	\$ 1,588,191	\$ 1,691
Personnel expenses	984,200	995,911	(11,711)
Library materials	163,500	178,995	(15,495)
General maintenance	43,000	36,423	6,577
Telecommunication	12,000	12,902	(902)
Postage	5,000	6,821	(1,821)
Utilities	54,400	49,816	4,584
Building repair and maintenance	50,000	31,734	18,266
Other operating expenses	3,000	3,871	(871)
Bookmobile operations	6,000	4,271	1,729
Computer expenses	90,000	62,847	27,153
Insurance	15,400	15,063	337
Continuing education	5,000	1,711	3,289
Public relations, dues	34,000	34,008	(8)
Professional services	18,000	20,744	(2,744)
Programming	25,000	18,008	6,992
Debt service and capital outlay	<u>78,000</u>	<u>136,452</u>	<u>(58,452)</u>
	<u>\$ -</u>	<u>\$ (21,386)</u>	<u>\$ (21,386)</u>

Economic Factors and Next Year's Budget

The Library considered many factors when setting the fiscal year 2017 budget. One of the factors was the local economy and anticipated tax revenue to be expected from the property tax. This is the Library's main source of revenue. The Library's operating expense increases and future capital expansion plans are dependent upon growth in tax revenue.

Contacting the Library Management

The financial report is designed to provide the citizens of Woodford County and its creditors with a general overview of the Library's finances and to demonstrate the Library's accountability of the money it receives. If you have questions about this report or need additional financial information, do not hesitate to contact the Director, Karen Kasacavage or the Treasurer, Donald Smith.

Woodford County Library District
Statement of Net Position
June 30, 2017

Assets

Current Assets:

Cash and cash equivalents	\$ 1,223,776
Accounts receivable	18,989
Prepaid expenses	20,610
Total Current Assets	<u>1,263,375</u>

Fixed Assets:

Depreciable buildings, property and equipment, net of depreciation	4,745,388
Nondepreciable assets including land and library collection	1,056,333
Total Fixed Assets	<u>5,801,721</u>

Total Assets	<u><u>\$ 7,065,096</u></u>
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Deferred Outflows of Resources:

Subsequent pension contributions	\$ 62,339
Difference between expected and actual pension experience	4,409
Changes of assumptions	53,495
Change in proportionate share of contributions	24,928
Difference between projected and actual pension earnings	98,391
Total Deferred Outflows of Resources	<u><u>\$ 243,562</u></u>

Liabilities:

Current Liabilities:

Accounts payable	\$ 30,310
Current portion of compensated absences	3,000
Total Current Liabilities	<u>33,310</u>

Long-Term Obligations:

Compensated absences	14,070
Net pension liability	1,035,699
Total Long-Term Obligations	<u>1,049,769</u>

Total Liabilities	<u><u>\$ 1,083,079</u></u>
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Net Position:

Invested in fixed assets	5,801,721
Unrestricted	423,858

Total Net Position	<u><u>\$ 6,225,579</u></u>
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The accompanying notes are an integral part of these financial statements.

Woodford County Library District
Statement of Activities
For The Year Ended June 30, 2017

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
				Primary Government
Governmental activities				
Cultural and recreations	\$ (1,609,576)	8,892	16,561	\$ (1,584,123)
General Revenues:				
			Taxing district revenues	\$ 1,535,063
			Investment income	4,833
			Other income	22,841
			Total general revenues	1,562,737
			Change in net position	(21,386)
			Net position - beginning	6,246,965
			Net position - ending	\$ 6,225,579

The accompanying notes are an integral part of these financial statements.

Woodford County Library District
 Balance Sheet
 Governmental Fund
 June 30, 2017

	Governmental Fund
Assets	
Cash and cash equivalents	\$ 1,223,776
Accounts receivable	18,989
Prepaid expenses	20,610
Total Assets	\$ 1,263,375
Liabilities	
Accounts payable	\$ 30,310
Compensated absences	3,000
Total Liabilities	\$ 33,310
Fund Balances	
Nonspendable	\$ 20,610
Unassigned	1,209,455
Total Fund Balances	\$ 1,230,065
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund	\$ 5,801,721
Deferred outflows, inflows, and net pension liability related to the implementation of GASB 68 which are not receivable or payable in the current period and therefore, not reported in the fund	(792,137)
Certain liabilities (including compensated absences) are not due and payable in the current period and therefore, not reported in the fund	(14,070)
Net position of governmental activities	\$ 6,225,579

The accompanying notes are an integral part of these financial statements.

Woodford County Library District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For The Year Ended June 30, 2017

	<u>Governmental Fund</u>
Revenues	
Taxing district revenues	\$ 1,535,063
Grant revenues	16,561
Investment income	4,833
Public support	4,621
Other revenues	<u>27,113</u>
Total Revenues	<u>1,588,191</u>
Expenditures	
Personnel expenses	925,893
Library materials	178,995
General maintenance	36,423
Telecommunication	12,902
Postage	6,821
Utilities	49,816
Building repair and maintenance	31,734
Other operating expenses	3,871
Bookmobile operations	4,271
Computer expenses	62,847
Insurance	15,063
Continuing education	1,711
Public relations, dues	34,008
Professional services	20,744
Programming	<u>18,008</u>
Total Current Expenditures	1,403,107
Operating capital outlays	16,330
Debt Service	
Principal	275,159
Interest	<u>3,932</u>
Total Expenditures	<u>1,698,528</u>
Net change in fund balance	(110,337)
Fund balance - beginning	<u>1,340,402</u>
Fund balance - ending	<u><u>\$ 1,230,065</u></u>

The accompanying notes are an integral part of these financial statements.

Woodford County Library District
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
 Balance of Governmental Fund to the Statement of Activities
 For The Year Ended June 30, 2017

Reconciliation to the Statement of Activities:

Net Change in Fund Balance - Governmental Fund	\$	(110,337)
<p>Government Funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets are allocated over their useful lives and reported as depreciation expenses.</p>		
Capital Outlay		16,330
Depreciation Expense		(189,646)
Collection Adjustment		57,126
<p>Governmental Funds report pension related expenses of \$92,768. However, the Statement of Net Position reports pension expense calculated pursuant to GASB 68 of \$167,448</p>		
		(74,680)
<p>Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position</p>		
		275,159
<p>Government Funds report expense as paid by the Organization; however, in the Statement of Activities, expenses are reported as due based on a 60-day accrual. Accordingly, the Statement of Activities recorded more expenses than the fund accounting due to accrued compensated absences.</p>		
		4,662
Change in Net Position of Governmental Activities	\$	(21,386)

The accompanying notes are an integral part of these financial statements.

WOODFORD COUNTY LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Woodford County Library District was created in 1904 as a taxing district. This public library district was formed by the Woodford County Fiscal Court pursuant to K.R.S. 65.182 et. seq. and K.R.S. 173.450 et. seq. The public library district was created to provide all Woodford County residents with access to public library services, and to establish, equip, maintain and administer a countywide public library system. A countywide tax shall be collected for the public library district in the manner described in K.R.S. 65.182 and other applicable law. The affairs of the public library district shall be operated by a Board of Trustees as set forth by K.R.S. 173.450.

The Library opened at its present locations in 1904, and to preserve the historic location, underwent extensive renovations and expansion in 2006. To better serve the citizens of Woodford County a second branch was opened in Midway in 2009.

Basis of Presentation

The financial statements of the Woodford County Library District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Standards Board is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the library’s taxing district as a whole.

Fund Financial Statements – are organized into funds, each of which is considered separately. The library has only one such governmental fund that accounts for the daily operating activity of the library. A description of such fund is as follows:

- The General Fund is the primary and only operating fund of the library. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use.

Basis of Accounting

In the government-wide Statement of Net Position and the Statement of Activities, all activities are presented under the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Property taxes are recorded as revenue when collected and available to be remitted to the Library by county tax collection agencies. Expenditures are recognized when the related fund liability is incurred.

Cash and Cash Equivalents

The Library considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Budgeting

The Organization follows the procedures established pursuant to Section 91A.030 of the Kentucky Statutes in establishing the budgetary data reflected in the financial statements. Budgets for the general fund are adopted on a basis consistent with United States generally accepted accounting principles.

WOODFORD COUNTY LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Property Tax Revenues

In the government-wide statements, property tax revenues are recognized when they become available. Available property tax revenues include those property tax receivables expected to be collected within sixty days after year-end. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

Property, Equipment and Depreciation

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. All property and equipment purchases have been capitalized and recorded in the government-wide financial statements. Additionally, as all capital assets are directly utilized in the Library’s operating activities, an expense for capital outlays has been reported in the fund financial statements. The Library expenses all books and materials as purchased and does not capitalize such items.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation for the year ended June 30, 2017 was \$189,646.

Fund Balance

As of June 30, 2012, the Library implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Library. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2017 fund balances are comprised of the following:

	<u>General Fund</u>
Nonspendable	\$ 20,610
Unassigned	\$ 1,209,455

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WOODFORD COUNTY LIBRARY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Library maintains cash and cash equivalents in local banks which may, at times, exceed the FDIC limits. The Library’s cash and cash equivalents are categorized as either (1) insured or collateralized with securities held by the entity or by its agent in the entity’s name, (2) collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name or (3) uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity’s name). The Library’s categorization as of June 30, 2017 was as follows:

Category 1	\$	500,000
Category 2	\$	737,810
Category 3	\$	-

NOTE 3 – CAPITAL ASSETS

The Library purchases various educational materials each year, some of which increase in value and some that depreciate. Rather than attempting to depreciate each unit, the Library values these materials based on a five-year rolling average. The average takes the costs of library materials over the most recent five-year period. During the year, the Library thoroughly reviewed and evaluated the collection resulting in an increase in the value of the collection of \$57,126.

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

<u>Governmental Activities</u>	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Library collection	959,207	57,126	-	1,016,333
Buildings	6,498,342	-	-	6,498,342
Furniture and equipment	990,279	16,330	(19,560)	987,049
Vehicles	79,185	-	-	79,185
Total at historical cost	<u>8,567,013</u>	<u>73,456</u>	<u>(19,560)</u>	<u>8,620,909</u>
Less: Accumulated Depreciation	(2,649,102)	(189,646)	19,560	(2,819,188)
Capital assets – net	<u>\$ 5,917,911</u>	<u>\$ (116,190)</u>	<u>\$ -</u>	<u>\$ 5,801,721</u>

WOODFORD COUNTY LIBRARY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 4 – LONG-TERM DEBT

In February 2005, the Library entered into a variable capital lease agreement through the Kentucky Association of Counties Leasing Trust Lease Program (CoLT) for \$3,500,000 for the purpose of renovation and expansion of the Library’s main branch building. Base rental payments are calculated using a 2.175% rate plus administration and services fees. The variable lease interest is computed as it related to the variable rate of the bonds that back the debt. The bond payable was set to mature in 2020. The Library was able to pay off the entire debt during the year ending June 30, 2017 and saved nearly \$13,000 in interest payments.

NOTE 5 – COMPENSATED ABSENCES

It is the Library’s policy to compensate all employees for certain absences not used at the end of their employment. As of June 30, 2017, the liability for these absences was \$17,070 and has been included in the personnel expenses. Such liability is recorded in the government-wide financial statements.

NOTE 6 – LONG-TERM OBLIGATIONS

A summary of changes in long-term debt follows:

	Compensated Absences	Bond Payable	Total
Payable at June 30, 2016	\$ 18,732	\$ 275,159	\$ 293,891
Net change in compensated absences	(1,662)	-	(1,662)
Debt retired	-	(275,159)	(275,159)
Payable at June 30, 2017	\$ 17,070	\$ -	\$ 17,070

NOTE 7 – STATE AID, GRANTS AND CONTRIBUTIONS

In the normal course of operations, the Library received grant funds from various Federal and State agencies. The grant programs are subject to audit of agents of the granting authority, the purpose of which is to ensure compliance with conditions pursuant to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material. During the year ending June 30, 2017, the Library received state aid from the Kentucky Department of Libraries and Archives of \$16,561 for operations which were fully expenses for Library materials.

Contributions were received from various donors and sources during the year. These contributions totaling \$4,621 were unrestricted and were spent on operations.

WOODFORD COUNTY LIBRARY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8 – PROPERTY TAX CALENDAR

Property taxes for fiscal year 2017 were levied on October 1, 2016 on the assessed property located in Woodford County as of the preceding January 1. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date collection periods for all taxes exclusive of vehicle taxes are as follows:

<u>Description</u>	<u>Date Per K.R.S. 134.020</u>
1. Due date for payment	Upon receipt
2. 2% discount applies	To November 30
3. Face value payment period	To December 31
4. Past due date, 5% penalty	January 1
5. Interest charge	16% effective January 1

Vehicle taxes are collected by the County Clerk of Woodford County and are due and collected in the birth month of the vehicle’s licensee.

NOTE 9 – RETIREMENT PLAN

The Library’s employees are provided with the County Employees Retirement System.

General information about the County Employees Retirement System Non-Hazardous (“CERS”)

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

WOODFORD COUNTY LIBRARY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9 – RETIREMENT PLAN (CONTINUED)

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions—Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Library reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the Library as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the Library were as follows:

Library's proportionate share of the CERS net pension liability	\$ 1,035,699
Commonwealth's proportionate share of the CERS net pension liability associated with the Library	<u>4,922,582,301</u>
	<u><u>\$ 4,923,618,000</u></u>

The net pension liability for each plan was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Library's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2016, the Library's proportion was 0.021053% percent.

For the year ended June 30, 2017, the Library recognized pension expense of \$167,448 related to CERS. At June 30, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

WOODFORD COUNTY LIBRARY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9 – RETIREMENT PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ -
Difference between projected and actual experience	4,409	-
Changes of assumptions	53,495	-
Net difference between projected and actual earnings on Plan investments	98,391	-
Changes in proportion and differences between Company contributions and proportionate share of contributions	24,928	-
Library contributions subsequent to the measurement date	<u>62,339</u>	<u>-</u>
Total	<u>\$ 243,562</u>	<u>\$ -</u>

The \$62,339 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2018	\$ 70,233
2019	48,319
2020	39,978
2021	22,693

Actuarial assumptions—The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%	
Salary increases	4.00%, average, including inflation	
Investment rate of return	7.50%, net of Plan investment expense, including inflation	

For CERS, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in the mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

WOODFORD COUNTY LIBRARY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9 – RETIREMENT PLAN (CONTINUED)

The target allocation and best estimates of nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Nominal Real Rate of Return
Combined Equity	44%	5.40%
Combined Fixed Income	19%	1.50%
Real Return (Diversified Inflation Strategies)	10%	3.50%
Real Estate	5%	4.50%
Absolute Return (Diversified Hedge Funds)	10%	4.25%
Private Equity	10%	8.50%
Cash Equivalent	<u>2%</u>	-0.25%
Total	100%	

Discount rate—For CERS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.50%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Library’s proportionate share of net pension liability to changes in the discount rate—The following table on the next page presents the net pension liability of the Library, calculated using the discount rates selected by each pension system, as well as what the Library’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>Discount rate</u>	<u>Library’s proportionate share of net pension</u>
1% decrease	6.50%	\$ 1,291,739
Current discount rate	7.50%	\$ 1,035,699
1% increase	8.50%	\$ 817,847

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of CERS.

The Library’s employees are provided with the County Employees Retirement System.

NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS

Employees Participating in CERS

All current employees participating in County Employees Retirement Systems (CERS) are eligible for healthcare benefits provided by KRS in conjunction with their pension service benefits described in Note 5. Retiree cost depends on length of service prior to retirement. Employer contribution rates are established annually by the KRS Board of Trustees. KRS, as described in Note 5, issues separate stand-alone financial statements for the statewide multiple employer cost-sharing plan that provides other post-employment benefits for local government employees participating in CERS.

WOODFORD COUNTY LIBRARY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Under the provisions of the Kentucky Revised Statute Section 61.701, the Board of Trustees of KRS administers the KRS Insurance Fund. The KRS Insurance Fund was established as a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administered by KRS: (1) KERS; (2) CERS; and (3) SPRS. Library employees participate in CERS. The assets for the KRS Insurance Fund are commingled for investment purposes.

The employer rates allocable to the health insurance benefits was 4.73% and 4.64% in 2017 and 2016 for non-hazardous employees and 9.35% and 9.97% for hazardous employees in 2017 and 2016. The contribution rates are created by statute and were 100% funded during 2017 and 2016.

At the time of completion of this audit, the KRS has not yet released their CAFR for the fiscal year ended June 30, 2017. The following information was extracted from the KRS CAFR for the fiscal year ended June 30, 2016:

The KRS Insurance fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2016, insurance premiums withheld from benefit payments for members of the CERS non-hazardous and hazardous plans were \$22.6 million and \$2.2 million respectively. For the fiscal year ended June 30, 2015, insurance premiums withheld from benefit payments for members of the CERS non-hazardous and hazardous plans were \$22.6 million and \$1.7 million, respectively. The KRS Insurance fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependent of retired hazardous members killed in the line of duty.

As of June 30, 2016, the KRS Insurance fund had 113,280 retirees and beneficiaries for whom benefits were available.

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<u>Years of Service</u>	<u>Portion Paid by KRS Insurance Fund</u>
20+ years	100%
15 - 19 years	75%
10 - 14 years	50%
4 – 9 years	25%
Less than 4 years	0%

As a result of the 2004 House Bill 290 enacted by the Kentucky General Assembly, medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees earn \$15 per month with the same participation dates. In addition, a hazardous employee's spouse receives \$10 per month for insurance benefits for each year of a deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to change in the consumer Price Index for all urban consumers.

Health insurance benefits are not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692 and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

In prior years, the employers' required medical insurance contribution rate was being increased annually by a percentage that would result in advance-funding the medical liability on an actuarially determined basis using the entry age normal cost method within a 20-year period measured from 1987. In November 1992, the Board of Trustees adopted a fixed percentage contribution rate and suspended future increases under the current medical premium funding policy until the next experience study could be performed. In May 1996, the Board of Trustees adopted a policy to increase the insurance contribution rate by the amount needed to achieve the target rate for full entry age normal funding within 20 years. The table on the following page presents the schedule of funding progress for the KRS Insurance Fund as a whole.

WOODFORD COUNTY LIBRARY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

System	Actuarial Value of Assets	AAL Entry Age Normal	Funded	Covered Payroll	Unfunded as a % of Covered Payroll
KERS Non-Hazardous	\$ 743,270,060	\$2,456,677,964	30.3%	\$1,529,248,873	112.0%
KERS Hazardous	473,160,173	377,745,230	125.3%	147,563,457	(64.7)%
CERS Non-Hazardous	2,079,811,055	2,988,121,117	69.6%	2,352,761,794	38.6%
CERS Hazardous	1,135,784,220	1,558,818,204	72.9%	492,850,521	85.8%
SPRS	172,703,691	257,197,259	67.1%	45,551,469	185.5%
 Total Insurance Fund	 <u>\$4,604,729,199</u>	 <u>\$7,638,559,774</u>	 <u>60.3%</u>	 <u>\$4,567,976,114</u>	 <u>66.4%</u>

NOTE 11 – RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the library also carries commercial insurance for all other risks of loss such as worker’s compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 12 – SUBSEQUENT EVENTS

In June 2015, the GASB approved Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in an effort to improve accounting and financial reporting by state and local governments in regard to other postemployment benefits (OPEB).

Under the OPEB standards now in effect, cost-sharing employers have not been required to present extensive actuarial information about OPEB. Instead, information has been required to be presented in the OPEB plan’s own financial statements for all of the participating governments combined. Through its research, the GASB concluded that the needs of users of information regarding cost-sharing employers do not differ significantly from those interested in single and agent employers. Therefore, the GASB believes it is important to give users of the financial statements of cost-sharing employers access to better, more transparent financial information. Consequently, under the new standards the GASB is requiring that cost-sharing governments report a net OPEB liability, OPEB expense, and OPEB-related deferred inflows and outflows of resources based on their proportionate share of the collective mounts for all the governments in the plan.

Statement No. 75 will take effect for OPEB plans in fiscal years beginning after June 15, 2017.

Management of the Organization has considered subsequent events through January 8, 2018, the date this report became available for issuance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Woodford County Library District
Versailles, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Woodford County Library District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Woodford County Library District's basic financial statements, and have issued our report thereon dated January 8, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodford County Library District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodford County Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodford County Library District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. (2017-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodford County Library District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Woodford County Library District's Response to Findings

Woodford County Library District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Woodford County Library District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Craft, Noble & Company, PLLC

Craft, Noble & Company, PLLC
Richmond, Kentucky
January 8, 2018

WOODFORD COUNTY LIBRARY DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

FINDINGS- FINANCIAL STATEMENT AUDIT

2017-1

Criteria:

As discussed in *Standards for Internal Control in the Federal Government* published by the General Accounting Office of the United States, internal control is an integral component of an organization's management that provides reasonable assurance that an objective of reliable financial reporting is being achieved. Organizations should implement procedures to ensure this objective is achieved.

Condition:

During the audit procedures performed, instances of this objective not being completely achieved were noted.

Cause:

At present the Library does not have an individual with the required expertise for financial accounting and reporting necessary to successfully apply generally accepted accounting principles in regard to recording the entity's financial transactions and in drafting the financial statements and related disclosures.

Effect:

The Library did not have effective procedures in place to ensure that all accruals and adjustments that are needed have been appropriately recorded. Additionally, the Library's staff or contracted personnel did not collectively possess a full working knowledge of generally accepted accounting principles.

Organization Response and Corrective Action Plan:

At current the Library does not feel that it would be feasible to contract an individual with the required skill and knowledge at the cost to taxpayers. The constant board supervision will remain an integral part of the Library's interim financial statements.

We did not audit the Library's response and, accordingly, we express no opinion on it.

Woodford County Public Library
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended June 30, 2017

Revenues	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Taxing district revenues	\$ 1,535,000	\$ 1,535,000	\$ 1,535,063	\$ 63
Grant revenues	18,000	18,000	16,561	(1,439)
Investment income	5,000	5,000	4,833	(167)
Public support	5,000	5,000	4,621	(379)
Other revenues	23,500	23,500	27,113	3,613
Total Revenues	<u>1,586,500</u>	<u>1,586,500</u>	<u>1,588,191</u>	<u>1,691</u>
Expenditures				
Current				
Personnel expenses	984,200	984,200	925,893	58,307
Library materials	163,500	163,500	178,995	(15,495)
General maintenance	43,000	43,000	36,423	6,577
Telecommunication	12,000	12,000	12,902	(902)
Postage	5,000	5,000	6,821	(1,821)
Utilities	54,400	54,400	49,816	4,584
Building repair and maintenance	50,000	50,000	31,734	18,266
Other operating expenses	3,000	3,000	3,871	(871)
Bookmobile operations	6,000	6,000	4,271	1,729
Computer expenses	90,000	90,000	62,847	27,153
Insurance	15,400	15,400	15,063	337
Continuing education	5,000	5,000	1,711	3,289
Public relations, dues	34,000	34,000	34,008	(8)
Professional services	18,000	18,000	20,744	(2,744)
Programming	25,000	25,000	18,008	6,992
Total Current Expenditures	<u>1,508,500</u>	<u>1,508,500</u>	<u>1,403,107</u>	<u>105,393</u>
Operating capital outlays	-	-	16,330	(16,330)
Debt Service				
Debt service on bonds	78,000	78,000	279,091	(201,091)
Total Expenditures	<u>1,586,500</u>	<u>1,586,500</u>	<u>1,698,528</u>	<u>(112,028)</u>
Net change in fund balance	-	-	(110,337)	(110,337)
Fund balance - beginning	-	-	1,340,402	
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,230,065</u>	

See Independent Auditor's Report.

Woodford County Library District
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2017, 2016, 2015 and 2014

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Library's proportion of the net pension liability	0.021053%	0.020510%	0.019834%	0.019834%
Library's proportionate share of the net pension liability	\$ 1,035,699	\$ 881,820	\$ 643,505	\$ 728,140
Library's covered employee payroll	\$ 509,742	\$ 501,924	\$ 478,520	\$ 455,035
Library's share of the net pension liability as a percentage of its covered employee payroll	203.18%	175.69%	134.48%	160.02%
Plan fiduciary net position as a percentage of the total pension liability	55.50%	59.97%	66.80%	61.22%

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See the following Schedule of Changes in Benefits and Assumptions for any changes during the periods shown above.

The amounts presented for each fiscal year were determined (measured) as of the previous fiscal year.

See Independent Auditor's Report.

Woodford County Library District
Schedule of Pension Contributions
For the Year Ended June 30, 2017, 2016, 2015, 2014 and 2013

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required employer contribution	\$ 95,219	\$ 85,628	\$ 84,555	\$ 85,956	\$ 81,628
Contributions relative to contractually required employer contribution	<u>\$ 95,219</u>	<u>\$ 85,628</u>	<u>\$ 84,555</u>	<u>\$ 85,956</u>	<u>\$ 81,628</u>
Contribution deficiency (excess)	<u>\$ -</u>				
 Company's covered employee payroll	 \$ 509,742	 \$ 501,924	 \$ 478,520	 \$ 455,035	 \$ 417,531
Employer contributions as a percentage of covered-employee payroll	18.68%	17.06%	17.67%	18.89%	19.55%

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See the following Schedule of Changes in Benefits and Assumptions for any changes during the periods shown above.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of CERS. The above contributions only include those contributions allocated directly to the CERS pension fund.

See Independent Auditor's Report.

**WOODFORD COUNTY LIBRARY DISTRICT
SCHEDULE OF CHANGES IN BENEFITS AND ASSUMPTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

County Employee Retirement System

Changes of benefit terms – None

Changes in assumptions – The following changes were adopted by the Board of Trustees and reflected in the valuation performed as of June 30:

2016

- No changes were made

2015

- The assumed investment rate of return was decreased from 7.75% to 7.50%
- The assumed rate of inflation was reduced from 3.50% to 3.25%
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%
- The payroll growth assumption was reduced from 4.50% to 4.00%
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback one year for females). For disabled members the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (setback four year for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- Assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.

Method and assumptions used in calculations of actuarially determined contributions – The actuarially determined contributions rates are determined on an annual basis beginning with the fiscal years ended 2017, determined as of June 30, 2016. The amortization period of the unfunded liability has been reset as of July 1, 2014 to a close 30-year period. The following actuarial methods and assumptions were used to determine contribution rates reports in that schedule:

Actuarial cost method	Entry age
Amortization method	Level of percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	5-year smoother market
Inflation	3.25%
Salary increase	4.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

See Independent Auditor's Report.